

## DRAFT RECOMMENDATIONS

**Ownership of Generation:** Section 69-8-210(1) can be interpreted in a manner that prohibits a restructured distribution utility from owning and rate-basing generation. In the last legislative session, HB 509 firmly established the obligation for a distribution utility to provide adequate and reliable default supply services at the lowest long-term total cost. Ownership of generation, through rate base treatment, can provide an important tool for a distribution utility to meet this continuing long-term obligation. The Task Force recommends that the distribution utility of a restructured utility be given explicit statutory authority to include rate-based generation as a resource to meet its default supply obligations.

**Advanced Approval of Utility Owned Generation:** Last legislative session a law was enacted giving explicit authority to the default supplier to request advanced approval for long-term generation resources used to meet its default supply obligation and giving the Public Service Commission explicit authority to approve an application for advanced approval. The question of whether a restructured distribution utility owned and rate-based generation resource should also qualify for advance approval is timely and relevant given the prior recommendation on ownership of generation. The Task Force recommends that the Governor's Office work with the Legislative Interim Committee on Energy and Telecommunications, members of the Task Force and others to develop a position on this issue.

**Public Service Commission Authority to Review Transfers of Utility Property:** The Task Force recommends that the Public Service Commission (Commission) be granted explicit statutory authority to review transfers and sales of property used to provide regulated utility services. The Legislative Interim Committee on Energy and Telecommunications, working with interested parties, should address the critical specifics associated with this recommendation. Specifically, the Energy and Telecommunications interim committee should, when looking at and developing legislation, take into account the following issues:

1. Transfer authority should be applicable only to the transfer or sale of property used to provide regulated utility services,
2. The threshold for Commission review of a transaction should be set at a reasonable level that permits regulated utilities to conduct business on a normal day-to-day basis absent Commission review.
3. The standard by which a transfer should be judged needs to be clear and acceptable to all parties,
4. Whether anti-trust considerations should be considered a standard for Commission review,
5. Whether equipment leases should be subject to transaction review, and
6. All types of regulated utilities should be considered in developing any legislation.